



Department of Justice

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JUSTICE DEPARTMENT APPROVES PEARSON'S PURCHASE OF VIACOM PUBLISHING BUSINESSES

Divestitures of Elementary School Science Program and of Textbooks in 32 College Subjects Required

WASHINGTON, D.C. -- The Department of Justice reached a settlement today allowing Pearson plc and Pearson Inc. to proceed with their \$4.6 billion acquisition of educational, professional and reference publishing businesses from Viacom International Inc., after Pearson agreed to resolve the Department's antitrust concerns by selling off an elementary school science textbook program and textbooks in numerous college subjects.

Pearson and Viacom are two of only four publishers of major comprehensive elementary school science programs, which include textbooks and related educational materials and services. They also are two of few publishers of textbooks and other educational materials for over thirty college courses in which DOJ required divestitures.

"Education is an important national priority, and competition is essential to ensure that our students have the best available educational materials," said Joel I. Klein, Assistant Attorney General of the Department's Antitrust Division. "With these divestitures, students, elementary schools and colleges will continue to receive high quality textbooks and supporting materials at the lowest prices, as well as continued innovation."

In recent years, Pearson and Viacom have consistently led in sales of important elementary school science programs, facing few competitors. Pearson publishes the “Discover the Wonder” program under the Scott Foresman Science brand name, and Viacom publishes “Discovery Works,” under the brand name Silver Burdett Ginn Science. The Department alleged that, without the divestiture of one of these textbook programs, schools likely would have faced increased prices, lower textbook quality and less competition in the development and improvement of science textbooks.

Pearson’s acquisition will also merge its significant college publishing activities with Viacom’s. To allow the acquisition to proceed, Pearson agreed to divest textbooks used in the 32 college courses in which DOJ identified competitive problems. These courses fell primarily in the biological sciences, engineering, economics, teachers’ education, mathematics, and computer science disciplines. The Department’s complaint alleges that Pearson and Viacom accounted for a significant share of all textbook sales in each of the 32 courses.

The Department filed suit in the U.S. District Court in Washington, D.C. to block the acquisition, but at the same time filed a proposed settlement that requires Pearson to sell the textbooks and other educational materials to one or more buyers approved by the Justice Department.

Pearson plc is headquartered in London, England. Both Pearson Inc. and Viacom are headquartered in New York. Pearson’s educational publishing activities had \$924 million in revenues in 1997. The educational publishing businesses it will acquire from Viacom generated revenues of \$1.4 billion in 1997.

As required by the Tunney Act, the proposed settlement will be published in the Federal Register, along with the Department’s competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to M.J.

Moltenbrey, Chief, Civil Task Force, 325 Seventh Street, Suite 300, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the Court may enter the consent decree upon its finding that it serves the public interest.

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